

Calendar No. 1979

82D CONGRESS }
2d Session }

SENATE

{ REPORT
{ No. 2057

EXTENDING THE TIME FOR USE OF CONSTRUCTION RESERVE FUNDS ESTABLISHED UNDER SECTION 511 OF THE MERCHANT MARINE ACT, 1936, AS AMENDED

JULY 2 (legislative day, JUNE 27), 1952.—Ordered to be printed

Mr. MAGNUSON, from the Committee on Interstate and Foreign
Commerce, submitted the following

REPORT

[To accompany S. J. Res. 166]

The Committee on Interstate and Foreign Commerce, to which was referred the joint resolution (S. J. Res. 166) to extend the time for use of construction reserve funds established under section 511 of the Merchant Marine Act, 1936, as amended, having considered the same, reports favorably thereon without amendment and recommends that the joint resolution do pass.

The Senate Committee on Interstate and Foreign Commerce voted, in consideration of this measure, to adopt the House Report No. 2351 to companion resolution, House Joint Resolution 480, which is on the House Calendar.

The House Report No. 2351 follows:

The purpose of this resolution is to amend section 5 of Public Law 384, Eightieth Congress, approved August 8, 1947, relating to the merchant-marine construction reserve funds established under section 511 of the Merchant Marine Act of 1936, as amended, by striking out "March 31, 1952" and inserting in lieu thereof "March 31, 1953".

This would have the effect of extending until September 30, 1953, the time within which certain deposits in the construction reserve funds established under section 511 of the Merchant Marine Act, 1936, as amended, may be committed for the acquisition of new vessels.

Section 511 of the Merchant Marine Act, 1936, as amended, authorized the establishment of construction reserve funds. Section 511 provides for the commitment of deposits in such funds within 2 years from the date of deposit for use in the construction or acquisition of new vessels, with authority vested in the Maritime Administration to grant extensions for additional periods not aggregating in excess of 2 years. A proviso in subsection (h) permitted the former Maritime Commission during the war to grant further extensions ending not later than 6 months after the termination of the war. Public Law 384, Eightieth Congress, approved August 8, 1947, fixed the termination of the war for the purposes of the aforesaid proviso at March 31, 1948, thereby permitting extensions of 4-year uncommitted deposits for 6 months thereafter, or until September 30, 1948. Subsequent legislation has extended the termination of the war for the purposes of the aforesaid proviso to March 31, 1952. The joint resolution would amend Public Law 384 by changing the date of March 31, 1952, to March 31, 1953, thereby reinstating the wartime extension authority so that the privilege of making commitments for new vessels would be extended until September 30, 1953.

2 EXTEND TIME FOR USE OF CONSTRUCTION RESERVE FUNDS

Testimony before your committee revealed that, unless this resolution is enacted, approximately \$7,500,000 of deposits will not be eligible for commitment under section 511 and, therefore, may be lost to the merchant marine as a source of funds for construction or acquisition of new vessels for the American merchant marine.

Your committee recognizes the fact that the unsettled circumstances affecting the American merchant marine, and especially domestic shipping in the past years, continue in effect, and the circumstances prevailing in the emergency declared in December of 1950 make uncertain the situation as it affects the construction of new vessels by private capital.

It is highly important to the merchant marine that all available private shipping funds be used for the investment on a permanent basis in vessels for the American merchant marine. Accordingly, the extension of time to commit reserve funds, as provided for in this resolution, seems entirely reasonable and proper, particularly since the authority is permissive rather than mandatory. Your committee reports this resolution unanimously.

The report of the Secretary of Commerce on the resolution is as follows:

THE SECRETARY OF COMMERCE,
Washington, June 25, 1952.

Hon. EDWARD J. HART,
Chairman, Merchant Marine and Fisheries Committee,
House of Representatives, Washington, D. C.

MY DEAR MR. HART: You have requested the views of the Department on House Joint Resolution 480, to extend the time for use of construction reserve funds established under section 511 on the Merchant Marine Act, 1936, as amended.

The joint resolution would amend section 5 of Public Law 384, Eightieth Congress, approved August 8, 1947, as amended (Public Law 157, 82d Cong.), by striking out March 31, 1952, and inserting in lieu thereof March 31, 1953.

The resolution would grant authority until March 31, 1953, for extensions until September 30, 1953, of the time in which certain deposits in the construction reserve funds established under section 511 of the 1936 act, as amended, may be committed for the acquisition or construction of new vessels without losing the tax-deferment benefits prescribed for such funds by section 511.

Unless this resolution is enacted, approximately \$7,576,111.91 of deposits of an unsubsidized shipping company will not be eligible for commitment under section 511, and is likely to be lost to the merchant marine as a source of funds for construction or acquisition of new vessels for the American merchant marine. It appears that the unsettled circumstances affecting shipping, and especially domestic shipping, in the past years continue in effect. The existence of the emergency declared December 1950 makes uncertain the situation for the construction of new vessels by private capital. It continues as important as ever for the merchant marine that all available private shipping funds be available for investment on a permanent basis in new vessels for the American merchant marine.

In view of the shortage of time, we have not cleared this letter with the Director, Bureau of the Budget. Under the circumstances, nothing contained herein is to be construed as an indication of the relation of the proposed legislation to the program of the President. As soon as the advice of the Bureau of the Budget is received, it will be transmitted to you.

If we can be of further assistance to you in this matter, please call upon us.

Sincerely yours,

CHARLES SAWYER,
Secretary of Commerce.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule III of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

"THE ACT OF AUGUST 8, 1947

"SEC. 5. MERCHANT MARINE CONSTRUCTION RESERVE FUND.

"For the purposes of the proviso of subsection (h) of section 511 of the Merchant Marine Act, 1936, as amended, added to such subsection by the Act of June 17, 1943 (57 Stat. 158), the present war shall be considered as having terminated on [March 31, 1952.] *March 31, 1953.*"